

Message Text

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INFO OCT-01 ISO-00 SCS-06 CA-01 CIAE-00 DODE-00 PM-05
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INFO AMEMBASSY BONN
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AMEMBASSY PARIS
USMISSION USBERLIN

C O N F I D E N T I A L SECTION 01 OF 02 BERLIN 05646

E.O. 11652: GDS
TAGS: PGOV, CPRS, SCUL, GE, US
SUBJECT: MFA OFFICIAL ON US/GDR RELATIONS

REF: BERLIN 5192 (NOTAL)

1. DURING AN INFORMAL LUNCH AUGUST 25 WITH DCM, GDR MFA
USA DIVISION CHIEF GEYER TOUCHED ON A NUMBER OF ITEMS IN
OUR BILATERAL RELATIONS. GEYER APPEARED RELATIVELY OPTI-
MISTIC WHEN DISCUSSING TRADE, GENERAL CLAIMS AND CULTURAL
RELATIONS, AND HAD NOTHING NEW TO SAY ON THE CONSULAR
CONVENTION.

2. ECONOMIC RELATIONS: AFTER DISCUSSING THE JAPANESE-
BUILT AND FINANCED TRADE CENTER IN EAST BERLIN, GEYER SAID
HE WAS INTRIGUED WITH THE POSSIBILITY OF GENERAL MOTORS
DOING BUSINESS WITH THE GDR. HE WOULD NOT COMMENT ON THE
POSSIBLE OUTCOME OF THE GM-GDR TALKS, NOTING ONLY THAT HE
PERSONALLY WAS SCEPTICAL, AND THAT MUCH WOULD DEPEND ON
HOW WELL THE TALKS WENT ON THE VALUE AND FINANCING OF THE
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PROPOSED PROJECT. HE SAID THAT, IN GENERAL, THE NEXT
COUPLE OF MONTHS WOULD TELL WHETHER THIS PROJECT AS WELL
AS OTHERS INVOLVING US FIRMS WOULD TURN OUT IN A POSITIVE
WAY. HE NOTED, BUT DID NOT STRESS, THAT THE LACK OF MFN
FOR THE GDR WAS A HINDRANCE TO THE DEVELOPMENT OF ECONOMIC
RELATIONS. IN THIS CONNECTION, HE SAID HE HAD BEEN FOLLOW-
ING THE DEVELOPMENT OF US-HUNGARIAN ECONOMIC

RELATIONS IN THE WAKE OF THE TRADE AGREEMENT, AND WAS IMPRESSED BY HOW MUCH THE DUTIES ON HUNGARIAN GOODS HAD BEEN REDUCED AS A RESULT OF MFN FOR HUNGARY. GEYER THEN NOTED THAT THE US-GDR TRADE AND ECONOMIC COUNCIL WOULD MEET IN MAY 1979 IN THE U.S., AND ASSERTED THAT IT WAS THE GDR'S INTENTION TO THROW AS MUCH BUSINESS TO THE U.S. AS POSSIBLE BEFORE THEN SO THAT U.S. BUSINESS WOULD SEE THE VALUE OF BECOMING INVOLVED IN THE TRADE AND ECONOMIC COUNCIL.

3. CLAIMS: IN RESPONSE TO A QUESTION, GEYER SAID THAT PROF. KLEYER OF THE CLAIMS OFFICE WAS ACTIVELY INVOLVED IN PREPARING A RESPONSE TO THE APPROACH U.S. CLAIMS OFFICIALS HAD MADE LAST MARCH. GEYER NOTED THAT WHAT THEY HAD PROPOSED TO THE GDR WAS NEW AND THEREFORE REQUIRED CAREFUL THOUGHT AND CLEARANCE AMONG INVOLVED AGENCIES. HE SAID THAT, UP UNTIL NOW, THE KIND OF INFORMATION THE U.S. SIDE WAS ASKING FOR WAS DATA THE GDR PROVIDED TO COUNTRIES ONLY AFTER FORMAL NEGOTIATIONS OF CLAIM SETTLEMENTS HAD BEEN STARTED. SINCE WE WERE SUGGESTING AN ENTIRELY DIFFERENT APPROACH, THE GDR HAD TO RETHINK WHAT IT MIGHT BE ABLE TO PROVIDE BEFORE THE START OF ACTUAL NEGOTIATIONS. HE SAID AN ANSWER WOULD BE FORTHCOMING, WITHOUT SAYING WHEN, AND ADDED THAT HE DID NOT KNOW IF WHAT THE GDR WOULD PROPOSE WOULD BE SATISFACTORY ENOUGH TO THE U.S. SIDE. DCM EXPRESSED VIEW THAT IT WOULD BE IMPORTANT TO KEEP THE TALKS GOING AND THAT WE WOULD WELCOME GDR'S COMMENTS TO OUR MARCH
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PROPOSALS AS SOON AS GDR HAD THEM READY.

4. JEWISH MATERIAL CLAIMS: GEYER EXPRESSED PERPLEXITY ABOUT WHERE MATTERS STOOD WITH RESPECT TO JEWISH CLAIMS. HE ASSERTED THAT THE GDR HAD BEEN SURPRISED BY AN ALLEGED LACK OF KNOWLEDGE DISPLAYED BY SENATOR JAVITS AND CONGRESSMAN BINGHAM ABOUT THE PROPOSAL MR. FERENCZ HAD MADE WHEN GDR EMBASSY OFFICIALS, INCLUDING AMB. SIEBER, HAD APPROACHED THEM FOR COMMENTS AND CLARIFICATION. GEYER ACCURATELY OUTLINED THE SUBSTANCE OF THE PROPOSAL FERENCZ HAD MADE. GEYER REPEATED THAT THE SENATOR AND CONGRESSMAN APPEARED TO BE UNINFORMED, WHICH MADE THE GDR WONDER WHETHER FERENCZ HAD ACTUALLY RAISED THE IDEA WITH THEM AND, ACCORDING TO GEYER, WHETHER THE GDR COULD CONSIDER FERENCZ A RELIABLE INDIVIDUAL. THE DCM NOTED OUR WILLINGNESS TO PROVIDE GOOD OFFICES IN FACILITATING A SATISFACTORY RESOLUTION OF THIS ISSUE, THE NEED ON THE PART OF THOSE DIRECTLY INVOLVED TO AVOID POSSIBLE MISUNDERSTANDINGS THAT MIGHT COMPLICATE THE ISSUE, AND REMINDED GEYER THAT THE AMBASSADOR HAD INDICATED CONGRESSMAN BINGHAM WOULD BE PREPARED TO SEE AMBASSADOR GRUNERT SHORTLY AFTER THE LATTER'S ARRIVAL IN THE U.S. GEYER SAID HE THOUGHT GRUNERT WOULD BE PREPARED TO SEE THE

CONGRESSMAN.

5. CONSULAR CONVENTION: IN A BRIEF DISCUSSION, GEYER IMPLIED THAT THE GDR SAW LITTLE REASON TO GO BACK TO THE "DRAWING BOARD" IN VIEW OF THE ALLEGED CATEGORICAL REJECTION OF THEIR JUNE 6 DRAFT LANGUAGE. GEYER SAID THERE HAD TO BE SOME WAY, EITHER IN THE CONVENTION ITSELF OR IN EXCHANGE OF LETTERS, THAT WOULD INDICATE THE U.S. ACCEPTED THE FACT THAT THERE WERE GDR CITIZENS. DCM NOTED THAT WE HAD ALREADY DONE SO IN THE AGREED MINUTE ON THE ESTABLISHMENT

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OF RELATIONS. UNDER THE CIRCUMSTANCES, HOPEFULLY A WAY COULD BE FOUND TO ACCOMMODATE THE NEEDS AND INTERESTS OF BOTH SIDES.

6. CULTURAL RELATIONS: THERE WAS A GENERAL, BRIEF DISCUSSION OF U.S. CULTURAL PLANS FOR THE COMING YEAR, WITH GEYER EXPRESSING A POSITIVE ATTITUDE TOWARD THEM. HE WAS LESS SPECIFIC ABOUT REFLECTIONS USA, WHICH THE DCM NOTED REQUIRED CONSIDERABLE TIME, MONEY AND EFFORT TO PREPARE, ADDING THAT WE NEEDED A CLEAR GDR ANSWER ASAP. GEYER SAID ONLY THAT THE PAO SHOULD SEE MRS. ELM (WHO HAS BEEN ILL) ABOUT OUR PLANS AS SOON AS POSSIBLE.

7. COMMENT: GEYER WAS IN A RELAXED MOOD. HIS COMMENTS ON THE CONSULAR CONVENTION AND GENERAL CLAIMS NEGOTIATIONS ARE GENERALLY CONSISTENT WITH WHAT WE HAVE HEARD IN THE

RECENT PAST AND WE ARE SOMEWHAT ENCOURAGED BY HIS REMARKS
ON THE CLAIMS TALKS. AT THE SAME TIME, HIS REMARKS WITH
RESPECT TO JEWISH MATERIAL CLAIMS ARE DISTURBING. WE FIND
IT HARD TO ACCEPT HIS ASSERTION THAT CONGRESSMAN BINGHAM
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(SENATOR JAVITS MAY BE ANOTHER MATTER) IS UNINFORMED ABOUT
THE PROPOSAL FERENCZ PUT FORWARD. HOPEFULLY, WHATEVER
MISUNDERSTANDING THERE MAY BE BETWEEN THE GDR SIDE AND THE
CONGRESSMEN COULD BE CLEARED UP DURING GRUNERT'S INITIAL
TALKS WITH THE CONGRESSMEN.

8. GEYER'S REFERENCE TO FERENCZ' RELIABILITY MAY REFLECT A
DESIRE ON THE GDR'S PART TO EXCLUDE HIM AND THE JEWISH MAT-
ERIAL CLAIMS COMMISSION AT THIS STAGE AS DISCUSSION
PARTNERS IN THE DEVELOPMENT OF FERENCZ' PROPOSAL AND TO
CONCENTRATE AS MUCH AS POSSIBLE IN GETTING THE IDEA INTO
OFFICIAL CONGRESSIONAL CHANNELS. IT IS PERHAPS WORTH
NOTING THIS IS THE SECOND TIME THAT GEYER HAS MADE A
CRITICAL REMARK ABOUT FERENCZ, THE OTHER BEING A REFERENCE
TO POSSIBLE CONFLICT OF INTEREST ON HIS PART IN MATTERS
RELATING TO THE GDR (77 BERLIN 8114). WE
WOULD NOTE, BY WAY OF CORRECTING THE RECORD, THAT SO FAR
AS WE ARE AWARE, FERENCZ WAS NOT IN BERLIN IN JULY
(STATE 196719, PARA 3); HE CALLED THE AMBASSADOR FROM
FRANKFURT TO REPORT THE SUBSTANCE OF HIS JULY 7 CONVER-
SATION WITH HELLMER (JULY 14 FERENCZ MEMO FOR THE FILES).
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